

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 27, 2023

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2466 by Button (Relating to the creation of a grant matching program for the federal small business innovation research and small business technology transfer programs.), **As Introduced**

The fiscal implications of the bill cannot be determined due to costs being dependent upon the amount appropriated to the program, the number of applicants, and the number of grantees.

The bill would create the Small Business Innovation Research and Small Business Technology Transfer Grant Matching Program (Program). The Economic Development and Tourism Office (EDT), which is located within the Office of the Governor, is required to establish, and administer the program to provide matching grants from funds received by a business entity through the small business innovation research and small business technology transfer program established by 15 U.S.C. Section 638. The bill does not specify where the matching funds will come from and if EDT would have to manage a specific fund or account.

The bill would impose eligibility, application, and award requirements on business entities and EDT for the grant matching program. EDT would be authorized to award phase zero grants capped at \$2,500, and phase one and two grants capped at \$100,000, to eligible business entities.

Federal Small Business Innovation Research and Small Business Technology Transfer award data from the U.S. Small Business Administration indicates that 247 phase one and 160 phase two awards corresponding to a total obligated amount of \$242,066,754 were awarded to Texas small businesses in fiscal year 2022. Since the first awards made to Texas small businesses in 1983, a total of 6,150 phases one and 2,462 phase two awards corresponding to a total obligated amount of \$2,794,006,548.

EDT estimates that if the Legislature were to appropriate \$20,000,000 for the Program, it is anticipated that 140 phase one awards and 25 phase two awards would be granted in the 2024-25 biennium, assuming that each award is granted at the cap amount of \$100,000 for phase one and \$100,000 per year for phase two.

As an alternative analysis, the Legislature would be able to match all 407 phase one and phase two awards granted in fiscal year 2022 if \$52,000,000 were appropriated to the program in the 2024-25 biennium.

If additional appropriations are made by the Legislature for this program, the EDT anticipates that four new FTEs would be required to standup and administer the new grant program. These would include 1.0 Manager V, 1.0 Grant Specialist IV, 0.5 Compliance Analyst IV, 1.0 Accountant IV, and 0.5 Attorney III.

The Comptroller's Office indicates that the fiscal implications of the bill cannot be determined.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, LCO, HGR, NV